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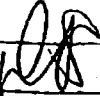
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UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA

BY 	FILED	DEPUTY
JAN 31 2006		
CLERK, U.S. DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA		

13 CITY OF RIALTO, a California municipal
 14 corporation, et al.,

15 Plaintiffs,

16 v.

17 UNITED STATES DEPARTMENT OF
 18 DEFENSE, et al.,

19 Defendants.

20 AND RELATED CONSOLIDATED
 21 ACTION..

Case No. ED CV 04-00079 VAP (SSx)

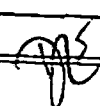
(Consolidated with Case No. ED CV 04-00759 VAP)

**STIPULATION AND [PROPOSED]
 ORDER RE: BLACK & DECKER INC.
 FOR THE LIMITED PURPOSE OF
 THIS ACTION**

22 WHEREAS, a dispute has arisen between plaintiff City of Rialto, plaintiff Rialto
 23 Utility Authority ("Rialto") and defendant Goodrich Corporation ("Goodrich"), on the one
 24 hand, and defendant Black & Decker Inc. ("BDI"), Black & Decker (U.S.) Inc. ("BD
 25 (US)"), Kwikset Corporation ("Kwikset Corporation"), and Emhart Industries, Inc. ("EII"),
 26 on the other, regarding the necessity and scope of certain discovery and the noticed
 27
 28

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STIPULATION AND [PROPOSED] ORDER
 RE: BLACK & DECKER INC. FOR THE
 LIMITED PURPOSE OF THIS ACTION

1 depositions of certain witnesses relating to the relationship among BDI, BD (US), BDC,
2 Kwikset , and EII;

3 WHEREAS, Rialto, Goodrich, BDI, BDC, BD(US), Kwikset Corporation and EII
4 (collectively "the parties") have met and conferred over each of these issues and desire to
5 resolve them without further proceedings;

6 WHEREAS, the parties have agreed to resolve these disputes as herein set forth;

7 WHEREAS, in connection with the claims made against BDC, BD(US) and
8 Kwikset Corporation by Rialto, Rialto has agreed to dismiss these parties without
9 prejudice, which dismissals shall be simultaneously filed with the Court;

10 WHEREAS, in connection with the claims made against Kwikset Corporation by
11 Goodrich, Goodrich has agreed to dismiss Kwikset Corporation, without prejudice, which
12 dismissal shall be simultaneously filed with the Court;

13 WHEREAS, in connection with these disputes, the parties agree that this Stipulation
14 and Order: renders irrelevant in this litigation issues relating to successor, "corporate veil,"
15 or other related legal theories whereby BDI, BD(US), BDC, and/or Kwikset Corporation,
16 respectively, could be held liable for the alleged liabilities of EII in this action; and (2)
17 provides an efficient use of judicial and attorney resources on other matters in the
18 litigation; and

19 WHEREAS, the parties have entered into a separate agreement regarding certain
20 discovery disputes that relate to the issues herein addressed.

21 NOW, THEREFORE, Rialto, Goodrich, BDI, and EII hereby stipulate as follows:

22 1. EII, a Connecticut corporation, was dissolved effective February 28, 2002, as
23 published on March 12, 2002.

24 2. At the time of EII's dissolution, the sole shareholder of EII was BDI.

25 3. Connecticut law provides that claims may be brought against a dissolved
26 corporation within three years of the publication of its notice of dissolution pursuant to
27 CONN. GEN. STAT § 33-887 (2005).

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STIPULATION AND [PROPOSED] ORDER
RE: BLACK & DECKER INC. FOR THE
LIMITED PURPOSE OF THIS ACTION

1 4. The claims and cross-claims brought against EII in this action by Rialto and
2 Goodrich were brought prior to the March 12, 2005 bar date for such claims provided by
3 Connecticut law and are thus timely.

4 5. At the time of dissolution, EII made liquidating distributions to BDI of assets
5 with an estimated value of \$716 million.

6 6. As the sole shareholder receiving these liquidating distributions upon EII's
7 dissolution, BDI is statutorily responsible, pursuant to Connecticut law, for any and all
8 final judgments entered against EII, after exhaustion of all appeals, for claims brought
9 before the March 12, 2005 bar date, up to the value of the liquidating distributions.

10 7. If Rialto and/or Goodrich Corporation obtain a judgment against EII in this
11 action, subject to any lawful appeals, the judgment(s) shall simultaneously also be entered
12 against BDI in this action and at the same time and for the same amounts as are entered
13 against EII. Any such judgment(s) shall be subject to the exhaustion of lawful appeals.

14 8. The judgment(s) against BDI shall not exceed \$716 million, less any
15 amounts that BDI has paid to any other judgment creditors of EII.

16 9. If one or more judgment(s) against EII includes any form of injunctive,
17 declaratory, or equitable relief, BDI shall be responsible for paying the cost of
18 implementing such relief up to \$716 million, less any amounts that BDI has paid to any
19 other judgment creditors of EII.

20 10. Any judgment against BDI shall include any lawful interest, and shall not be
21 subject to reduction for attorneys' fees or expenses incurred by EII or BDI in the defense of
22 this action, the related actions filed by the City of Rialto and Rialto Utility Authority, or
23 any related administrative proceedings (such as proceedings before a regional water
24 quality control board).

25 11. Nothing in this stipulation shall serve to waive any rights of Rialto or
26 Goodrich under Connecticut law to pursue damages or costs against BDI for liabilities
27 adjudged against EII.

28 //

1 12. BDI, EII, and counsel for those entities are not aware of any claims or
 2 potential liabilities of EII that are unrelated to the Rialto/Colton Groundwater Basin and
 3 that could reduce the value of the available distribution to the extent that any judgment
 4 entered in this action against EII could not be satisfied.

5 Dated: January 13, 2006

MILLER, STARR & REGALIA

7 By: Julie Macedo
 8 JULIE E. MACEDO
 9 Attorneys for Plaintiffs
 10 CITY OF RIALTO AND RIALTO
 11 UTILITY AUTHORITY

12 Dated: January 13, 2006

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 14 JEFFREY MINTZER
 15 Attorneys for Defendant
 16 GOODRICH CORPORATION

17 Dated: January 25, 2006

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 20 Attorneys for Defendants EMHART
 21 INDUSTRIES, INC., BLACK &
 22 DECKER INC., BLACK & DECKER
 23 (U.S.) INC. and KWIKSET LOCKS,
 24 INC.

25 IT IS SO ORDERED.

26 Dated: January 24, 2006

27 Virginia A. Phillips
 28 HONORABLE VIRGINIA PHILLIPS
 U.S. DISTRICT JUDGE

SERVICE LIST

City of Rialto v. United States Department of Defense, et al.
 USDC, Central District of California, Eastern Division
 Case No. ED CV 04-00079 VAP (SSx) – The Honorable Virginia A. Phillips

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 USDC, Central District of California, Eastern Division
 Case No. ED CV 04-00079 VAP (SSx) – The Honorable Virginia A. Phillips

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 USDC, Central District of California, Eastern Division
 Case No. ED CV 04-00079 VAP (SSx) - The Honorable Virginia A. Phillips

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